

Message Text

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ORIGIN ARA-17

INFO OCT-01 ADP-00 EB-11 SSO-00 NSCE-00 SS-15 NSC-10 L-03

AID-20 CIAE-00 INR-10 NSAE-00 RSC-01 INRE-00 TRSE-00

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DRAFTED BY ARA/ EP/ P: MRRFRECHETTE

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O 212207 Z JUN 73

FM SECSTATE WASHDC

TO AMEMBASSY LIMA IMMEDIATE

C O N F I D E N T I A L STATE 121688

E. O. 11652: GDS

TAGS: EFIN, PFOR, PE

SUBJ: TWO FSO LOANS FOR PERU

FOR KUBISCH FROM SZABO

1. PERUVIAN DIRECTOR SUPERIOR OF HEALTH, DR. OSCAR URTEAGA BALLON CALLED ON ME JUNE 21 TO ASK US SUPPORT FOR TWO FSO LOANS FOR PERU AT THE IDB TOTALLING DOLS 12.2 MILLION. THESE LOANS WERE COMPLETED AT A TECHNICAL LEVEL SOME TIME AGO AND ARE NOW BEING UPDATED TO REFLECT INCREASED COSTS AND SLIGHT REVISIONS. ALTHOUGH PERU NOT NOW PUSHING FOR A VOTE SUCH PRESSURE COULD BE APPLIED QUICKLY GIVEN THE ADVANCED STATE OF PREPARATION OF THESE LOANS AND PREVIOUSLY EXPRESSED PERUVIAN INTEREST. URTEAGA ALSO SAW IDB EXECUTIVE VICE PRESIDENT COSTANZO AND US EXECUTIVE DIRECTOR PORGES ON JUNE 20. REPORTEDLY THEY FRIENDLY, INTERESTED, BUT NON- COMMITTAL.

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2. FIRST LOAN FOR DEVELOPMENT NATIONAL INSTITUTES OF HEALTH IN PERU (DOLS 6.2 MILLION). THE OTHER PROJECT IS FOR FOOT- AND- MOUTH DISEASE CONTROL (DOLS 6 MILLION). IN APRIL 1973 OUR AID MISSION IN PERU COMMENTED ON THESE PROJECTS TO THE EFFECT THAT NATIONAL INSTITUTES OF HEALTH PROJECT LOW PRIORITY IN TERMS PERUVIAN NATIONAL NEEDS. MISSION THOUGHT PROJECT TOO SMALL TO MAKE SIGNIFICANT IMPACT ON HEALTH STANDARDS. ALSO, LOW SALARIES, LACK OF RESEARCH

EQUIPMENT, AND OTHER PROBLEMS IN PERU CAST DOUBT ON THE POSSIBILITIES FOR RECRUITING QUALIFIED RESEARCHERS. WITH RESPECT FOOT- AND- MOUTH DISEASE CONTROL PROJECT, MISSION WAS CONCERNED BY APPARENT LACK INFRASTRUCTURE WITHIN PERUVIAN GOVERNMENT AND/ OR PRIVATE SECTOR AND BY APPARENT ABSENCE OF SUFFICIENT RESEARCH UNDERLYING THE PROJECT TO PERMIT ITS EFFECTIVE IMPLEMENTATION. MISSION ALSO CONSIDERED PROJECT TOO SMALL TO CONTROL DISEASE SINCE IT APPARENTLY DOES NOT COVER ENTIRE COUNTRY.

3. URTEAGA STATED PROJECTS CONSIDERED IMPORTANT AND GOOD BY PAHO AND IDB EXPERTS. HE STRESSED THEIR SOCIAL AND HUMANITARIAN NATURE AND SUGGESTED THEY SHOULD BE EXEMPT FROM POLITICAL CONSIDERATIONS. I REPLIED THAT, PARTICULARLY AFTER SECRETARY' S TRIP TO LIMA, WE WANTED TO BE AS HELPFUL AS POSSIBLE AND THAT WE HOPE THAT WHEN THESE LOANS COME TO A VOTE THAT US WILL BE IN A POSITION TO SUPPORT THEM. URTEAGA PRESSED ME STATING PERU NEEDED TO KNOW FOR PLANNING PURPOSES WHETHER IT COULD COUNT ON THESE LOANS. I EXPLAINED THAT WE HAD A NUMBER OF UNRESOLVED PROBLEMS WITH PERU. THE SECRETARY, DURING HIS STAY IN LIMA, HAD STRESSED OUR INTEREST IN CONSTRUCTIVE DIALOGUE TO RESOLVE THESE PROBLEMS. BASED ON THE ATMOSPHERE GENERATED BY THE SECRETARY' S VISIT TO LIMA, I WAS OPTIMISTIC ABOUT RESOLVING OUR PROBLEMS AND STRESSED THAT WE SOUGHT TO COOPERATE WITH PERU AS MUCH AS POSSIBLE. HOWEVER, WE VIEW OUR PROBLEMS NOT IN POLITICAL TERMS BUT RATHER IN LEGAL, ECONOMIC, AND PRACTICAL TERMS WITH A DIRECT RELATIONSHIP TO CONGRESSIONAL ATTITUDES. URTEAGA AGREED ABOUT THE ATMOSPHERE GENERATED BY THE SECRETARY' S VISIT AND SAID HIS GOVERNMENT ALSO HOPED TO REACH NEW

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UNDERSTANDING WITH US. HOWEVER, HE SAID HE WAS MOST ANXIOUS TO KNOW WHETHER PERU COULD COUNT ON THE LOANS. THEREFORE, SAID URTEAGA, HE WOULD TELEPHONE LIMA IN ORDER THAT HIS GOVERNMENT MIGHT DISCUSS THIS MATTER WITH YOU. I AGREED THAT THIS WAS AN EXCELLENT IDEA.

5. PURPOSE THIS MESSAGE TO ALERT YOU TO POSSIBLE PERUVIAN
APPROACH. ROGERS

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NNNNMAFVVZCZ

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*** Current Classification *** CONFIDENTIAL

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